

## **MEDIA RELEASE**

**For Immediate Release**

### **RM88.4 BILLION WORTH OF INVESTMENTS APPROVED IN 1H2016**

Kuala Lumpur, 22 September 2016 – The approved direct investments in the services, manufacturing and primary sectors in the first half of 2016 (1H2016), totalled RM88.4 billion compared with RM125.9 billion in the same period last year. The investments approved in 1H2016 were in 2,499 projects, and are expected to generate more than 76,000 job opportunities. The better investment performance in 1H2015 was mainly due to two big petrochemical projects approved in the manufacturing sector during the same period last year, i.e. Pengerang project in Johor and LNG9 project in Sarawak.

“With our strong fundamentals, Malaysia remains on a steady economic growth path. We continue to attract foreign direct investments (FDI). A total of RM28.2 billion of FDI was approved in 1H2016. Our approved foreign investments for 1H2016 have already reached 78.2% of the total foreign investments approved for the whole of last year,” said the Minister of International Trade and Industry, YB Dato' Sri Mustapa Mohamed, today.

The services sector continued to account for the largest share of total investments, contributing 76.3% or RM67.5 billion, followed by the manufacturing sector with investments of RM19.6 billion or 22.2%, while the primary sector contributed the remaining approved investments of RM1.3 billion (1.5%).

#### **Services Sector**

The services sector contributed the largest number of projects in 1H2016. A total of 2,106 projects were approved and will create more than 44,000

job opportunities. More than 95% of these jobs will be in the distributive trade, MSC status companies, hotel & tourism, education and global services establishments.

Within the services sector, the real estate subsector continued to be the leading contributor with investments of RM29.3 billion, followed by the financial services at RM9.7 billion, global services establishments at RM7.3 billion, distributive trade at RM5.4 billion, and MSC Status at RM4.5 billion. These subsectors made up 83.2% of the total investments in the services sector.

Investments in distributive trade registered a significant increase from RM2.1 billion in 1H2015 to RM5.4 billion in the same period this year. The increase was largely contributed by investments in the wholesale, retail and hypermarkets, making up 75% of the total approved investments in this subsector. In addition to providing over 21,000 job opportunities, these investments will also create thousands of spin off benefits for local businesses. These include investments announced by UAE-based Lulu Group and Japanese-based Aeon Co. The official opening of Lulu Hypermarket in Kuala Lumpur recently is the first of its 10 planned outlets in Malaysia. Aeon has indicated that the company plans to open two new malls next year in Johor and Sarawak.

In 1H2016, MIDA approved 128 global services establishments with investments of RM7.3 billion. The approvals of 10 Principal Hubs contributed 97.5% to the total. The companies which have been approved include Super Group, JCY and Honeywell. “The opening up of these global establishments will increase demand for professionals in supply chain management, financial & treasury management, and data & information services to serve the global network of companies. Some of these companies will make Malaysia their regional centre for the procurement and distribution of their products. This will create higher utilisation of our ports and airports as well as indirectly promote the growth of our local logistic providers,” said the Minister.

## **Manufacturing Sector**

Under the 11th Malaysia Plan, three (3) catalytic subsectors namely chemicals, electrical and electronics (E&E) and machinery and equipment (M&E) industries; and two (2) subsectors of high potential growth namely aerospace and medical devices have been identified to drive the growth of the manufacturing sector. The '3 + 2' subsectors were selected due to their strong inter-linkages to other subsectors and indirectly their capacities will be the base to support the development of the overall manufacturing sector.

“In 1H2016, the total approved investments for these subsectors were RM10 billion, 51% of the total. The E&E, chemical & chemical products, M&E and medical devices, in particular, have contributed more than 50% to the exports of manufactured goods in 1H2016,”said Dato’ Sri Mustapa.

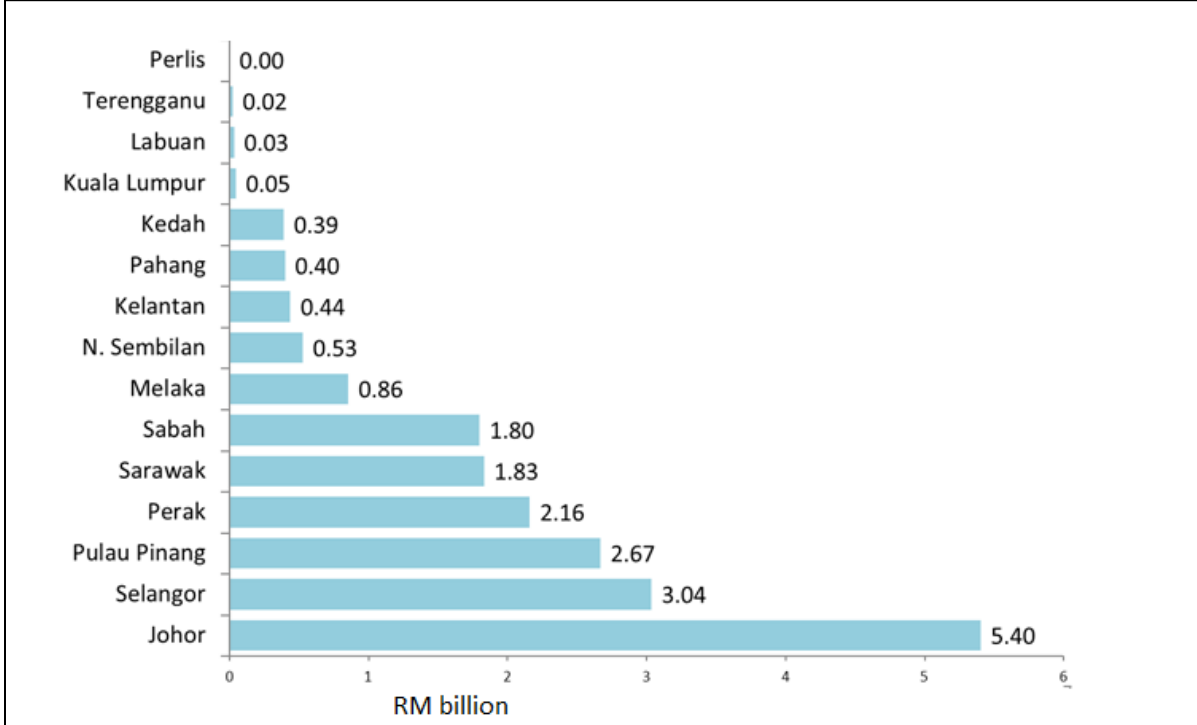
Approved investments according to the catalytic and high potential growth subsectors for 1H2016 are as follows:

<b>No.</b>	<b>Industry</b>	<b>No. of Approved Projects</b>	<b>Investment (RM billion)</b>
1.	Electrical & electronics	40	5.85
2.	Medical devices	24	1.68
3.	Chemical & chemical products	42	1.67
4.	Machinery & equipment	35	0.66
5.	Aerospace	2	0.16
	<b>Total</b>	<b>143</b>	<b>10.02</b>

Malaysia continues to attract encouraging levels of foreign investments in the manufacturing sector for the first six months of 2016. Foreign investments amounted to RM12.5 billion or 63.8% of the total approved investments in the manufacturing sector for this period. The leading sources of foreign investments in 1H2016 are United Kingdom (RM2.07 billion), China (RM1.58 billion), Korea (RM1.52 billion), Singapore (RM1.46 billion), and Japan (RM0.91 billion).

These approved manufacturing projects will create 32,310 jobs of which 7,130 or 22.1% of these jobs are in the managerial, technical and supervisory categories while 20,240 or 62.4% will be for the skilled craft category.

*Manufacturing Projects by State*



The top five investment recipients were Johor, Selangor, Penang, Perak and Sarawak. Investments in these states accounted for 77% of the total approved investments in the manufacturing sector. These projects will contribute more than 22,700 job opportunities to these states.

**Primary Sector**

The primary sector contributed 1% to the total approved projects in 1H2016. The mining subsector continued to lead with approved investments of RM1.02 billion, followed by plantation and commodities with RM211.1 million and agriculture with RM61.2 million.

## **Conclusion**

“Despite the current economic scenario, there was continued interest by foreign investors to invest in quality projects in new growth areas and emerging technologies. With the strong presence of FDI in the country, we trust that our supply chain ecosystem and related services industry will continue to grow. To complement FDI, MITI/MIDA will continue to assist Malaysian companies to strengthen their competencies and bolster their competitive edge,” said Dato’ Sri Mustapa.

“As at August 2016, MIDA has 264 projects in the pipeline with investments worth RM30.8 billion for the manufacturing and services sectors. These projects are mainly in chemical & chemical products, machinery & metal, transportation technology, global establishments and hospitality. These projects would potentially provide over 20,000 more jobs for Malaysians. We expect to process these investment proposals by the end of this year,” added YB Minister.

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